



Treasury Financial Manual

Bulletin No. 2002-05

Volume I

Retention: December 31, 2002

To: Heads of Government Departments, Agencies, and Others Concerned

Subject: Revised Current Value of Funds Rate (CVFR) Percentage

1. Purpose

This Treasury Financial Manual (TFM) bulletin publishes the revised CVFR percentage based on the current value of funds to the Department of the Treasury (Treasury) in Federal cash management.

2. Background

The CVFR percentage is based on the investment rates for the Treasury Tax and Loan accounts set for purposes of the Public Moneys Investment Act, Public Law 95-147, 91 Stat. 1227 (October 28, 1977).

Annually, Treasury computes the CVFR percentage by averaging investment rates for the 12-month period ending on September 30, rounded to the nearest whole percentage. Quarterly, if the annual average (on a 12-month moving average basis) changes by 2 percent, Treasury revises the rate. Treasury's Financial Management Service (FMS) publishes the presiding rate in a TFM bulletin.

Agencies may obtain current and previous rates from the Prompt Payment website at www.fms.treas.gov/prompt/cvfr-history.html or from the FMS Inside Line's fax-on-demand system (202-874-8616) as document 56.

3. Rate for Charges on Late Payments to the Government, Comparison Point for Cash Discounts, and Determination of Payment Due Dates for Purchase Card Invoices

Federal agencies will apply a CVFR percentage of 3.00 percent during the period July 1 through December 31, 2002. This rate reflects the average investment rate for the 12-month period ending March 31, 2002.

4. Application

Federal agencies will apply the CVFR percentage as follows:

- To assess interest charges for outstanding debts on claims owed the Government under Section 11 of the Debt Collection Act of 1982, Public Law 97-365, 96 Stat. 1749, 1755 (October 25, 1982).
- To evaluate the cost-effectiveness of a cash discount as a comparison point. (See I TFM 6-8000, paragraphs 8025.20, "Charges for Late Payments," and 8040.40, "Cash Discounts.") The Prompt Payment website at www.fms.treas.gov/prompt/formulas provides a formula for determining whether a discount is economically justifiable.
- To determine when agencies should pay purchase card invoices when a rebate is offered by the card issuer. (See 5 CFR Part 1315.8 of the Prompt Payment rule on "Rebates.") The Prompt Payment website at www.fms.treas.gov/prompt/rebate.html provides a spreadsheet that automatically calculates the net savings to the Government and determines whether the agency should pay early or on the Prompt Payment due date.

5. Rescission

This bulletin rescinds TFM Bulletin No. 2002-02.

6. Effective Date

July 1, 2002.

7. Inquiries

Direct questions concerning this bulletin to:

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